

CALIFORNIA MEDICAL ASSISTANCE COMMISSION

770 L STREET, SUITE 1000
SACRAMENTO, CA 95814
(916) 324-2726
(916) 324-5597 FAX
<http://www.cmac.ca.gov>

**CALIFORNIA MEDICAL ASSISTANCE COMMISSION**

State Capitol, Room 113
Sacramento, CA

Minutes of Meeting
February 9, 2006

COMMISSIONERS PRESENT

Michele Burton, M.P.H.
Diane M. Griffiths
Teresa P. Hughes
Vicki Marti
Cathie Bennett Warner

CMAC STAFF PRESENT

Keith Berger, Executive Director
Enid Barnes
Paul Cerles
Denise DeTrano
Holland Golec
Ina Pewitt
Steve Soto
Michael Tagupa
Mervin Tamai
Carol Tate
Karen Thalhammer

COMMISSIONER ABSENT

Marco Firebaugh

EX-OFFICIO MEMBERS PRESENT

Bob Sands, Department of Finance
Toby Douglas, Department of Health Services

I. Call to Order

The February 9, 2006 open session meeting of the California Medical Assistance Commission (CMAC) was called to order by Commissioner Cathie Bennett Warner. A quorum was present.

II. Approval of Minutes

The January 26, 2006 meeting minutes were approved as prepared by CMAC staff.

III. Approval of Commission Meeting Dates for FY 06/07

The Executive Director called the Commission's attention to the proposed Commission meeting dates for FY 06/07.

Commissioner Marti moved; Commissioner Burton seconded; and the motion was carried unanimously to approve the schedule for the Commission meeting dates for FY 06/07 as submitted. A copy of this schedule will be available on the CMAC website or upon request at the CMAC office.

IV. Executive Director's Report

Keith Berger, Executive Director, reported that Commissioner Lynn Schenk had resigned effective January 31, 2006. Mr. Berger expressed his appreciation for Commissioner Schenk's invaluable input and service to the Commission and wished her well in her future endeavors.

Commissioner Bennett Warner indicated that she had spoken with Commissioner Schenk who requested that she convey the Commissioner's appreciation to the members of the Commission and CMAC staff for their great work. Commissioner Schenk recognized the importance of CMAC and was grateful for the opportunity to participate in resolving issues relating to health care services in San Diego County.

On behalf of the Commission, Commissioner Bennett Warner also expressed appreciation for Commissioner Schenk's contribution to the Commission.

The Executive Director reported that the Department of Health Services had issued the final Disproportionate Share Hospital (DSH) list for FY 05/06. CMAC staff intends to initiate the second round of hospital negotiations for the Private Hospitals Supplemental Fund. Mr. Berger referred to the timeline for Round 1B and indicated that letters would be mailed to all eligible hospitals specifying timelines for submission of proposals. The same timeline will be used for both the Private Hospitals and the Nondesignated Public (District) Hospital Supplemental Funds. A copy of these two timelines will be available on the CMAC website or upon request at the CMAC office. CMAC staff intends to complete all eligible hospital negotiations for action by the Commission at its April 27, 2006 meeting.

Mr. Berger reported that there would be further negotiation-related discussions regarding the Distressed Hospital Fund in closed session at this meeting. He indicated that CMAC staff was working to develop a timeline for the Distressed Hospital Fund process, and he expressed that he hoped it would be ready to share at the next Commission meeting on February 23, 2006.

Mr. Berger informed the Commission that on February 14, 2006 there would be a joint informational hearing of the Senate and Assembly Health Committees and Budget Subcommittees to discuss issues relating to the hospital waiver. He noted that he was asked to testify at this hearing, and that one specific issue he had been asked to address relates to an assertion made during the public comment portion of the Commission's January 12, 2006 meeting regarding the intent of SB 1100 to exclude DSH eligible hospitals from participation in the Distressed Hospital Fund. Mr. Berger indicated that he would emphasize that it is clear to the Commission that the intent of SB 1100 is that CMAC should not categorically exclude any group of private, public or district hospitals as long as the hospitals participate in the Selective Provider Contracting Program (SPCP). Mr. Berger stated that he would update the Commission on this matter at its next meeting.

The Executive Director reminded the Commissioners that representatives of the California Children's Hospital Association (CCHA) would provide the Commission with a presentation in open session at this meeting.

Mr. Berger reported that there were four amendments for action in closed session at this meeting, as well as some updates and strategic discussions on current negotiations.

V. Department of Health Services (DHS) Report

Toby Douglas, Assistant Deputy Director, Medical Care Services, DHS, reported that the Department continued to resolve issues relating to the definition of Certified Public Expenditures (CPE) in the hospital waiver. DHS had submitted its final comments on the CPE methodology to the Centers for Medicare & Medicaid Services (CMS) and in return had received their response. Both the California Association of Public Hospitals (CAPH) and DHS had reviewed and analyzed comments submitted by CMS. Mr. Douglas indicated that there are two major issues that need to be addressed. CMS requested that the CPE methodology sunset on June 30, 2006, which would require immediate attention to developing a new CPE methodology with no time to implement the current version. DHS would like to request additional time from CMS to study the impact of this current version and the use of Medi-Cal cost reports. The other issue of concern would be the possible interpretation that the Federal government might be able to discount the CPE by the same rate that DHS denies Treatment Authorization Requests (TARs) for the Medi-Cal population.

DHS staff will work to resolve and clarify the concerns and issues raised by CAPH after their review of the CMS response. Mr. Douglas also stated that DHS staff intends to submit its final comments relating to these issues to CMS within the next week.

Mr. Douglas indicated that public hospitals have experienced financial cash flow problems and several hospitals have requested financial assistance from the Administration. The Administration has offered interim loan payments to hospitals that meet a certain level of financial need. DHS has requested that these hospitals provide documents on their current financial status, which also includes the financial status of the county.

Mr. Douglas further reported that DHS also submitted to CMS a document outlining the Department's direction relating to the coverage initiative. There will be stakeholders meetings held in Los Angeles and Sacramento over the next several months primarily to discuss issues relating to the coverage initiative.

Concluding his report, Mr. Douglas indicated that the State continued to provide emergency prescription drugs for dual-eligible beneficiaries who are unable to obtain their prescriptions through Part D of the Medicare program.

Mr. Douglas responded to a question raised by Commissioner Bennett Warner, by informing the Commission that DHS staff would continue to update Mr. Berger on the status of the waiver implementation.

VI. Appearance by Representatives of the California Children's Hospital Association (CCHA)

The Commissioners were provided with a copy of the California Children's Hospital Association's (CCHA) presentation - "Protecting the Pediatric Safety Net." Copies of this presentation will be available on the CMAC website or upon request at the CMAC office.

William Haug, President/CEO for Children's Hospital Central California and CCHA Chairman, indicated that the CCHA consisted of the following eight hospitals:

- Children's Hospital Central California, Madera
- Children's Hospital & Health Center, San Diego
- Children's Hospital Los Angeles
- Children's Hospital Orange County, Orange
- Children's Hospital & Research Center at Oakland
- Loma Linda University Children's Hospital
- Lucile Salter Packard Children's Hospital, Palo Alto
- Miller Children's Hospital, Long Beach

Mr. Haug provided the Commission with an overview of CCHA's concerns relating to the ability of his association's members to continue to provide pediatric and specialty health care services to the sickest and most vulnerable children of California.

Michele R. Waldron, Vice President/CFO, Children's Hospital Central California and CFO for CCHA, along with Mr. Haug responded to various questions raised by members of the Commission relating to the concerns and needs of the CCHA.

On behalf of the Commission, Commissioner Bennett Warner thanked the representatives of CCHA for their informative presentation.

At this point, Commissioner Bennett Warner raised a concern involving the confidentiality policy of CMAC relating to hospital contract negotiations.

The members of the Commission requested that Denise DeTrano, CMAC General Counsel, review the issue and report back to the Commission at its next meeting.

VII. New Business/Public Comments/Adjournment

There being no further new business and no comments from the public, Commissioner Bennett Warner recessed the open session. Commissioner Bennett Warner opened the closed session, and after closed session items were addressed, adjourned the closed session, at which time the Commission reconvened in open session. Commissioner Bennett Warner announced that the Commission had taken action on hospital and managed care contracts and amendments in closed session. The open session was then adjourned.